

Internal Revenue Service
District Director

Department of the Treasury

Person to Contact:

Telephone Number:

Refer Reply to:

EIN:

Date: OCT 31 1990

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

Article III of your Articles of Incorporation provides that your primary purpose is: "To promote and govern racing of the one-design Bear Class boats and to promote and develop the interest of this class in [REDACTED], as well as other sections."

Your organization provides a social and athletic outlet for owners of this type of boat. Your activities include scheduling races through the [REDACTED], organizing cruises in the bay, delta, and up and down the coast, and sponsoring social gatherings to promote the boats and honor those accomplished sailors in the class. You also sponsor training for casual sailors and seminars for advanced sailing techniques in amateur sailboat racing and provide an ongoing outlet for crew looking to race with owners and owners looking for crew.

Information submitted indicates that the benefits your members receive in exchange for their payment of dues are invitation to all social events, access to all information regarding boat maintenance, entry in races, and an occasional newsletter.

Your organization is currently exempt from Federal income tax under section 501(c)(7) of the Code.

Section 501(c) of the Code describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(3) Corporations, and any community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office."

"(7) Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder.

The Income Tax Regulations applicable to section 501(c)(3) of the Code provide that an organization must be both organized and operated exclusively for one or more of the purposes specified in that section. If it fails to meet either the organizational or the operational test, it is not within the purview of the statutes.

Since you are organized for social and recreational purposes and your activities are directed to social and recreational events for your members, you are not organized or operated for the purposes of section 501(c)(3) of the Code. Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(3) of the Code.

[REDACTED]

You agreed to this determination by signing Form 6018, Consent to Proposed Adverse Action, on August 2, 1990.

Our determination letter dated [REDACTED], which exempted you from Federal income tax under section 501(c)(7) of the Code, remains in effect.

Contributions to you are not deductible under section 170 of the Code.

As provided by section 6104(c) of the Code and the applicable regulations, the appropriate State officials are being notified of our determination.

Sincerely yours,

[REDACTED]
District Director